

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

FINANCE COMMITTEE MEETING

Minutes of Meeting held, Friday, September 26, 2008

Finance Committee Members Present: Thomas Deller, Vice-Chair, John MacDonald, Treasurer and Edward Field, Secretary.

Also Present: Alfred J. Moscola (General Manager); Henry Kinch; Deborah Dawson; Maureen Neira; Mark Therrien, Ellen Mandly and Debra Mitchell and Lynne Skerry, from Braver PC.

John MacDonald opened the meeting and said the recently completed audit of RIPTA was the sole agenda item. He said he had conferred with RIPTA Board Chair John Rupp prior to today's meeting and Mr. Rupp authorized Mr. MacDonald and the Finance Committee to approve the audit for filing if the Committee deemed it acceptable.

Maureen Neira introduced Debra Mitchell and Lynne Skerry from Braver Accountants & Advisors who conducted the audit. Ms. Mitchell led the discussion and said she would give a brief overview of the audit and she invited the Committee members to stop her at any point in the presentation if they had questions. Ms. Mitchell then handed out a draft letter dated September 26, 2008 and entitled Communication of Matters Prescribed by Statement on Auditing

Standards #114. She said this is their communication to the Audit Committee, or its equivalent and contains certain items they need to remark on such as Braver's responsibilities in performing the audit, the scope of the audit, significant audit findings such as the two new GASB's, particularly GASB #45.

Ms. Mitchell said they did not encounter any significant difficulties in performing the audit. She discussed corrected and uncorrected misstatements and said there were none of significance, nor were there any disagreements with management. This letter is their communication to the Finance Committee, the equivalent of an Audit Committee.

Next Ms. Mitchell discussed the staff summary entitled FY 2008 Financial Audit and the Financial Statements and Schedules contained therein. She went through the statements page by page discussing each briefly.

Ms. Mitchell answered questions regarding the difference between a government and a private business audit and Ms. Neira answered questions regarding RIPTA's investments (page 20) and FTA rules regarding the investments. Mr. Field asked about depreciation of buses and Mr. Moscola discussed RIPTA's fleet plan, the timing and how it is funded.

Ms. Mitchell discussed cash flows (page 15) and said there was a

positive flow of cash of \$700,000. She said pages 16 – 30 contain the footnotes and each is enumerated and has a title and she listed them.

Mr. Mitchell referred to # 7 saying there were some lawsuits, but no liability has been recorded yet. Mr. Field wondered if it would be better to give an anticipated amount. Ms. Mitchell said the criteria for recording a claim says it has to be probable and reasonably estimated. She said the liabilities are recorded are page 12 and those of note are listed.

Ms. Mitchell discussed pages 25 & 26 dealing with the new post retirement benefit disclosure and said 20% was actually contributed under the “pay as you go” option. She noted that because this is the first year there is no interest, but going forward an actuary will determine the interest on the unfunded liability and this schedule will change. A brief discussion ensued and Ms. Mitchell and Ms. Neira answered questions.

Ms. Mitchell noted the three-year trend information for the bargaining unit on the top of page 29 would have to be changed. She said we have actually paid 100% of our annual contribution and the numbers would have to be corrected to reflect this.

Ms. Neira explained page 41, which details expenses associated with travel and entertainment. She noted that for RIPTA, this section relates to attendance at seminars and costs associated therewith and she discussed the purpose of some items. Mr. Moscola noted that

RIPTA does very little traveling.

Ms. Mitchell noted a correction on page 16 under Organization. She said the second line states the Authority was created in 1974 and this should be changed to 1964.

Ms. Neira noted for comparison purposes that when you look at the actual expenditures from one year to the next there appears to be a substantial increase of approximately \$10 million dollars, however most of that amount is due to the \$7.2 million allocated for GASB #45.

She said the total for fringe benefits is \$8.2 million, but \$7.2 million of that amount is due to GASB #45, therefore total fringe benefits including FICA, health, pension, etc., increased just 4%. Mr. Deller asked if there was a footnote detailing this and Ms. Neira said there was not.

Ms. Mitchell said this audit report had gone to the Auditor General and they had a couple of minor changes which were made and now we are awaiting their final approval, which we expect to receive soon.

Mr. MacDonald asked if there were any more questions. Hearing none Mr. Deller made a motion to approve the audit report, authorize its submission to the Auditor General and recommend ratification of this action at the next meeting of the Board. Mr. Field seconded the motion, which passed unanimously.

A brief discussion ensued regarding the next Finance Committee meeting and the cash flow analysis Ms. Neira is preparing. The Committee decided it did not need to meet in October. Ms. Neira and the Committee briefly discussed the budget filing extension and outstanding FY 2010 budget assumptions.

There being no further business Mr. MacDonald adjourned the meeting.

Respectfully submitted,

Ellen M. Mandly

Recording Secretary